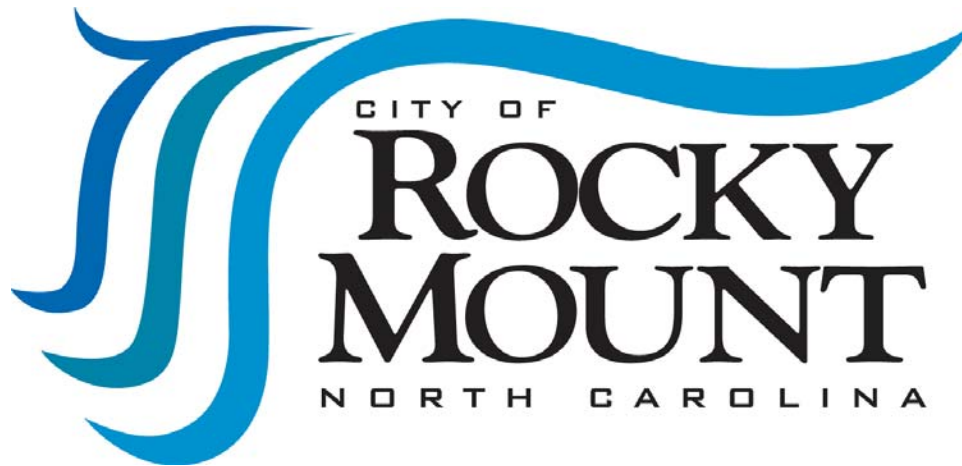


Review of Current FY 2009 Revenues & Expenditures



Presented April 27, 2009



Overview

- Economic indicators
- Review of current revenues
- Update on implemented budget reductions



Economic Indicators

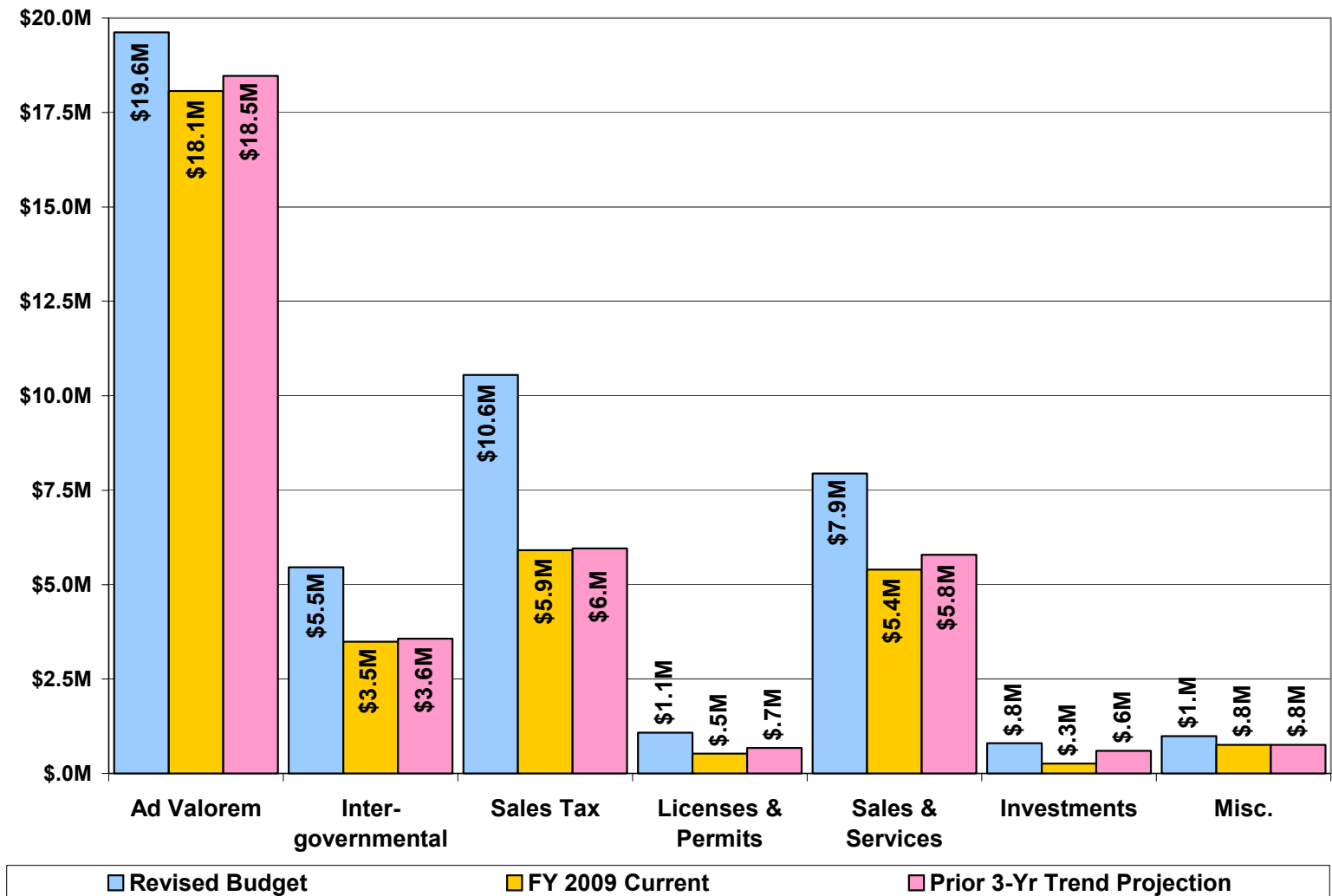
- Unemployment rising
 - February 2009 (Rocky Mount MSA): 14.4%
 - 108.7% increase over 12 Months (5,500 lost positions)
 - 46% increase over 6 months (3,500 lost positions)
 - Nationwide trending upward
 - March 2009: 8.5% (+37% since September)
 - State increasing rapidly
 - March 2009: 10.8% (+59% since September)
 - 183,000+ lost positions since December
- Median Family Income (2007)
 - \$47,895 (7.7% increase from 2006)
- Consumer prices showing impact
 - 2007: 4.1% increase
 - 2008: 0.1% increase
 - 2009: 1.2% decrease (First 3 months)



Current Revenue Review

- Continued to project current revenue deficit of approximately \$1 Million
- Property tax close to target
- Local retail sales stable
 - 2% below budget - \$200,000 deficit
 - Do not anticipate increase for FY 2010
- Loss of development-related fees
 - Permits and inspections
- Investment interest off 60%
- Powell bill allocation \$275k short

Current Revenue Review





Implemented Budget Reductions

○ Goals

- Recover projected current revenue deficit
- Fund implementation of pay & classification recommendations
- Reduce debt financing obligations
- Protect fund balance for use if conditions continue in FY 2010



Implemented Budget Reductions

- Original Estimate: \$4.32 Million
 - Freeze vacant positions
 - Defer new utility billing system
 - Operating budget reductions
 - Defer specific capital expenditures
- Projected Savings: \$4.38 Million
 - Salary savings on target
 - Operating and capital reductions not interfering with necessary service delivery



Conclusion

- Entering FY 2010
 - Full year impact of revised pay plan
 - No increase with health or life insurance premiums
 - Property revaluation (Revenue-neutral tax rate)
 - Preparations for next annexation phase (Use of fund balance due to property tax delay)
 - Clearer understanding of actual economic situation
 - Avoid inclusion of stimulus funding when considering budget necessities
- FY 2011 – Changes in pension contributions? (Potential 100%+ increase)